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RUEHBJ/AMEMBASSY BEIJING 5093  
RUEHHK/AMCONSUL HONG KONG 6294  
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RUEHGZ/AMCONSUL GUANGZHOU 9252  
RUEHML/AMEMBASSY MANILA 9706  
RUEHHI/AMEMBASSY HANOI 3059  
RUEHJA/AMEMBASSY JAKARTA 3843

UNCLAS TAIPEI 001380

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FROM AIT KAOHSIUNG BRANCH OFFICE

E.O. 12958: N/A

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SUBJECT: Update on Thai Labor Riot Fallout

Ref: REF A) TAIPEI 03525, B) TAIPEI 03793, C) TAIPEI 03856,

D)TAIPEI 03196, E) TAIPEI 03197

1. (U) Summary. The widely publicized Thai labor problems relating to construction of Kaohsiung's subway continue to simmer. Huapan Management, the company that recruited the laborers, in February filed an NTD 19.7 million lawsuit against fourteen of the laborers involved in the initial riot last August 21 (reftels). However, following scathing criticism from Premier Su Tseng-chang, the company reduced the requested damages to a single NTD. Separately, total of nine criminal indictments, eight for corruption and one against two of the laborers, have resulted thus far. The laborers staged a brief work stoppage on 31 March, but were convinced to return to work by 3 April. End Summary.

2. (SBU) Prosecutor Kao Ta-fang, the lead investigator in the case, confirmed that Huapan Administration Consultant Company had filed a criminal complaint against the fourteen Thai laborers who initiated the riot last August. In February, 2006 Huapan filed a civil lawsuit requesting damages of 19.7 million NT dollars for damage to facilities. However, in response to scathing criticism by Premier Su Tseng-chang and a variety of labor leaders, Huapan reduced the requested compensation to 1 NT Dollar. Premier Su had urged that Huapan drop the lawsuit altogether. Su also directed Kaohsiung Mass Rapid Transit Corporation (KRTC) to provide assistance to the laborers in defending the case.

3. (SBU) Prosecutor Kao told AIT/K that his office has brought a total of eight corruption indictments against several persons including Kaohsiung city government officials, KRTC executives, and Huapan owners. Chen Che-nan, (former Presidential adviser and father of former Acting Kaohsiung Mayor, Chen Chi-mai) who has been widely rumored to have been involved in the scandal (see reftels), has also been indicted. In addition, the Kaohsiung Prosecutors' Office has brought in indictments against two Thai laborers suspected of instigating the riot. Prosecutor Kao pointed out that these indictments have already been passed to the Kaohsiung District Court, which will determine when the cases will be heard.

4. (SBU) Additionally, on March 31, six hundred Thai laborers staged a three day work stoppage, reportedly to express their dissatisfaction over living conditions at their dormitories in Kaohsiung County. However, Mayor Yeh Chu-lan told AIT/K that the

work stoppage resulted from a misunderstanding about wage levels and that once the misunderstanding was cleared up, the workers agreed to return to work immediately. Press reports claimed that KRTC agreed to make further improvements in living conditions. In any case, the Thai laborers returned to work on April 3.

15. (SBU) On April 3, AIT Director Stephen Young visited Acting Mayor Yeh Chu-lan. During the meeting, Yeh emphasized that the Kaohsiung Subway is being built under the build-operate-transfer (BOT) model. She added that KRTC, a private contractor, is fully responsible for the construction and initial operation of the subway. Yeh also said that although local prosecutors have brought indictments against some of the city's Rapid Transit Bureau officials, the guilt or innocence of the officials has yet to be determined by the courts. Yeh opined that Huapan's poor management, rather than governmental corruption, was the root cause of the riot.

She also told us that Chen Che-nan is under detention and investigation for incidents completely unrelated to the Kaohsiung Subway labor scandal.

16. (SBU) The KRTC currently employs 1,500 Thai laborers. The corporation has decided to reduce gradually the use of Thai workers as the construction is completed at several sites next year. A KRTC executive told AIT/K that he estimates that there will be no foreign laborers working on the subway construction by July, 2007.

Thiele

Young